

**JOINT MEETING OF THE DODGE COUNTY FINANCE COMMITTEE AND THE
HUMAN RESOURCES AND NEGOTIATIONS COMMITTEE**

July 11, 2017, 8:00 A.M.

FIRST FLOOR AUDITORIUM – ROOMS H and I

DODGE COUNTY ADMINISTRATION BUILDING, JUNEAU WI 53039

The meeting was called to order by Dodge County Human Resources and Negotiations Committee Chairman, Joseph Marsik, at 8:00 a.m.

Members present from the Finance Committee: Benter, Fink, Frohling, Guckenberger, and Schaefer.

Member(s) absent from the Finance Committee: None.

Members present from the Human Resources and Negotiations Committee: Duchac, Frohling, Greshay, Marsik, and Schmidt.

Member(s) absent from the Human Resources and Negotiations Committee: None.

Others present: County Administrator Jim Mielke; Finance Director Julie Kolp; Human Resources Director Sarah Hinze; Deputy County Clerk Christine Kjornes; Corporation Counsel Kimberly Nass; Assistant Finance Director Eileen Lifke; Senior Accountant Makenzie Drays; Dodge County Clerk Karen Gibson; Dodge County Deputy Sheriff Scott Smith; Human Services and Health Department Director Becky Bell; Human Services and Health Department Fiscal Support Services Division Manager Monica Hooper; Human Services and Health Department Senior Social Worker Jim Wiersma; Information Technology Director Ruth Otto; Highway Commissioner Brian Field; Clearview Administrator Jane Hooper; Clearview Director of Financial Services Bill Wiley; Clearview Human Resources Specialist Angi Zilliox; Land Information Director Joyce Fiacco; Manager of Code Administration Joe Giebel; Dodge County Treasurer Patti Hilker; Veterans Service Officer Andrew Miller; Dodge County Clerk of Circuit Court Lynn Hron; Physical Facilities Assistant Director Phillip McAleer; County Board Chairman Russell Kottke; County Board Supervisor Mary Bobholz; County Board Supervisor MaryAnn Miller; County Board Supervisor Donna Maly; County Board Supervisor Jeff Berres; Johnson Block and Company Supervisor Brett Hofmeister; and Johnson Block and Company Audit Manager Tara Bast.

Human Resources Director Sarah Hinze certified the public notice given for this meeting complies with the requirements of Wisconsin's open meetings law.

Supervisor Marsik announced that the Finance Committee meeting will begin.

Dodge County Finance Committee Chairman, David Frohling announced that roll call has been taken and all the members of the Finance Committee are present.

Finance Director Julie Kolp certified the public notice given for this meeting complies with the requirements of Wisconsin's open meetings law.

Motion by Benter, seconded by Fink to allow the chair to deviate from the agenda at his discretion. Motion carried.

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Motion by Fink, seconded by Schaefer to approve the June 13th, 20th, and 27th minutes, as presented. Motion carried.

Johnson Block and Company, Inc. representatives Tara Bast, Audit Manager, and Brett Hofmeister, Supervisor, appeared before committee members to present Financial Statements with Independent Auditor's Report for years ended December 2016 and 2015.

Ms. Bast provided an overview on 2016's audit. According to Ms. Bast, the role of the auditor is to provide an opinion on the financial statements, report on internal controls over financial reporting, and report on compliance requirements affecting federal and state programs. All Dodge County funds are deemed Governmental and consists of the General Fund, Capital Project Fund, Debt Service Fund, Clearview, Highway, and Human Services. Audit statements are reported on a Fund basis and Governmental Activities basis (full-accrual). The major difference between Fund basis and Governmental Activities is Debt and Capital Assets, which are captured in the Governmental Activities statements. Notes to the financial statements follow the Governmental Fund reconciliation and address significant accounting and full accrual vs. modified accrual policies. It will be in the final report, on pages prior to the financial statements. Other supplemental information will follow the financial statements, and will include budget to actual comparisons and statistical information. This is the second year the audit report is the required schedules for the Wisconsin Retirement System (WRS) pension plan. Clearview's full accrual statements are also included in the supplementary information section. New this year is GASB 72 investment standard, additional disclosure to investment footnote.

Ms. Bast concluded the overview by stating the financial statements' opinion is unmodified, and the scope of the audit was all governmental funds and activities of the County's primary government. Adjusting journal entries were required for non-spendable fund balances as a result of prepaid insurance adjustments.

Mr. Hofmeister continued with highlights on fund financials. According to Mr. Hofmeister, the General Fund increased \$1.3 million from 2015 to \$29.1 million at the end of 2016. Other General Fund highlights for 2016 included:

- Total revenues increased \$1.8 million for a year-end balance of \$57.5 million
- Total expenses increased \$2.1 million for a year-end balance of \$37.5 million
- Total transfers – In increased \$222,000 for a year-end balance of \$850,000
- Total transfers – Out decreased \$1.25 million for a year-end balance of \$19.6 million

Debt service had a year-end fund balance of zero, which is consistent with prior years. Total principal and interest payments decreased \$57,000 for a year-end balance of \$3.95 million. Outstanding G.O. debt at year-end was \$33.1 million and margin of indebtedness is slightly over \$271.7 million.

Highlights for the Health and Human Services (HHS) fund include:

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DODGE COUNTY ADMINISTRATION BUILDING, JUNEAU WI 53039

- Deficit balance resulted from accrued compensated absences, which is consistent with prior years. There was a decrease of \$3,000 for a year-end balance of \$183,000 at year-end.
- Total revenues increased \$2.2 million for a year-end balance of \$13.5 million
- Total expenses increased \$1.8 million for a year-end balance of \$22.1 million
- Total operating transfers – In were about the same at \$9.3 million
- Total operating transfers – Out to the General Fund increased \$437,000 for a year-end balance of \$685,000. This is the amount HHS turned back to the General Fund for 2016.

Highway's highlights included:

- Fund balance decreased \$2.7 million for a year-end balance of \$4.1 million. This was a planned decrease due to completed road and building construction.
- Total revenues increased \$700,000 for a year-end balance of \$7.9 million
- Total expenses decreased \$800,000 for a year-end balance of \$17.8 million
- Total operating transfers – In decreased \$1.6 million for a year-end balance of \$7.35 million
- Total operating transfers – Out were about the same at \$183,000.
- An advance of \$2 million was made from the General Fund to fund projects and will be paid back over next three years.

Clearview's highlights included:

- Fund balance decreased \$434,000 for a year-end balance of \$3.2 million. Total fund balance is 12% of expenditures and complies with fund balance policy.
- Total revenues decreased \$130,000 for a year-end balance of \$25.7 million
- Total expenses increased \$120,000 for a year-end balance of \$25.15 million
- Total operating transfers – In decreased \$60,000 for a year-end balance of \$131,000
- Total operating transfers – Out were about the same at \$1.1 million
- Cash decreased \$700,000 due to \$250,000 increase in receivables.

Mr. Hofmeister presented graphs depicting five-year history of governmental revenues and expenses. Taxes and charges for services (Highway, HHS and Clearview) contributed to the majority of governmental revenue. Intergovernmental revenues include state, federal and general aid received by the county. HHS consistently has the largest amount of expenses. This is a combination of Human Services and Health and Clearview, with Clearview being the larger cost center. According to Mr. Hofmeister, this is not common with other counties since many counties do not have a nursing home facility. Johnson Block and Company reported that the financial stability of the County was good as of December 31, 2016. The General Fund experienced a \$1.3 million increase to Unassigned Fund Balance ending 2016 at \$13.8 million. Non-Spendable Fund Balance increased \$1.75 million due to a \$2 million advance given to Highway.

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FIRST FLOOR AUDITORIUM – ROOMS H and I

DODGE COUNTY ADMINISTRATION BUILDING, JUNEAU WI 53039

Mr. Hofmeister explained the different types of fund balances in the General Fund according to liquidity. Least liquid would be the Non-Spendable. This includes delinquent taxes, money due from other funds, and Prepaids and Inventories. These are least liquid because they would be the most difficult to convert to cash to pay current obligations. Restricted is dedicated to specific expenditure criteria and would be the next least liquid. Committed includes self-insurance and other committed expenditures followed by Assigned and Unassigned with Unassigned being the most liquid.

Mr. Hofmeister concluded with comments on Clearview's full accrual statements and risk assessments. According to Mr. Hofmeister, Clearview experienced an increase in net position of \$238,178. The difference between the fund statements and the full accrual statement is the full accrual statement includes fixed assets and related depreciation. Long-term debt and sales tax for the debt along with compensated absences are also recognized. Mr. Hofmeister stated the County should continue to work on improving risk assessment processes to determine areas of higher risk that need additional scrutiny. He also suggested departments update and monitor internal control documentation, especially in areas where processes have changed or have been updated.

Ms. Bast continued with information on additional audit procedures conducted at Human Services. Additional procedures included analysis of budget to actual comparisons at both the business unit and line item level. The process included Health and Human Services, Finance, and Management staff inquires, along with reviewing transaction details with an emphasis on budget-overflow areas. The audit staff also reviewed billing and collection procedures and transaction cycles especially in the area of CARS reporting. Ms. Bast reported a continuation of expenditure volatility related to contracted services. This is mainly driven by court ordered placement of clients in appropriate institutions or expanded services provided. There continues to be vacant positions resulting in more contracted services to meet client needs. Overall, revenues and budgeting transfers were sufficient to cover any increased expenditures.

Ms. Bast reported Human Services appears to be in good shape. Reconciling client billing and receivables was performed to the best of their ability. Billing challenges should be rectified with the new billing software (NetSmart). More usable data and real time financial information will be possible with NetSmart. According to Ms. Bast, the department appears to be committed to sound financial practices including documenting and following recently implemented policies and procedures. Management appears to be open to all of the auditor's recommendations. Prior year recommendations that appear to be addressed include:

- County's commitment to getting caught up with billing and receivable analysis
- Proper segregation of duties/proper oversight

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July 11, 2017, 8:00 A.M.

FIRST FLOOR AUDITORIUM – ROOMS H and I

DODGE COUNTY ADMINISTRATION BUILDING, JUNEAU WI 53039

- Develop cutoff and month end procedures for Outpatient Institutions and CARS settlements
- Develop procedure for determining allowance and revenue recognition
- Monthly review of balance sheet receivable and related payable accounts
- Documentation to support account balances on a monthly basis
- Limited use of reconciliation account.

Ms. Bast concluded with the next steps for Human Services. Ms. Bast noted there was turnover in key management positions over the past year as well as implementation of a new billing software. This opened the department up to risks as well as significant opportunities. Ms. Bast recommends staff to spend time identifying policies and more importantly develop procedures. Ms. Bast also encouraged cross training for backup and continuation of services in the event of key staff turnover.

Human Services and Health Department Fiscal Support Services Division Manager Monica Hooper provided a brief oral update to the Committees' regarding the Human Services and Health Department Client Billing and Collection. Ms. Hooper reported that the Human Services and Health Department has gone live with Netsmart, and are currently working on the March 2017 billings, but have encountered issues with denied claims. Ms. Hooper further reported that the CSP program is working properly.

Ms. Hooper provided a brief oral update to the Committees' regarding the U. S. Department of Justice (DOJ) corrective action plan. Ms. Hooper reported that policies and procedures have been sent to the DOJ per their request, but the DOJ is requesting additional information from Dodge County. Ms. Kolp reported that the Human Services and Health Department and Dodge County Finance department staff have completed the Grant Financial Management training that was required by the DOJ.

The Human Resources and Labor Negotiations Committee reconvened at 8:45 a.m. to review, discuss, and consider 2018 wages, health and dental insurance premiums for budgetary purposes only. Human Resources Director Sarah Hinze distributed to the Committee members a document entitled *Dodge County, Wisconsin, Summary of Proposed Compensation Options*. The Committees' had a discussion on proposed cost of living percentage scenarios, a Health Savings Account (HSA), and a proposed high deductible plan. Motion by Duchac, seconded by Schmidt recommending the following for 2018 budgeting purposes only:

- Contribution Percentages for Health Insurance – Employer 88% and Employee 12%
- Health Insurance premiums will be based on a 5% increase
- 1.25% market adjustment for wages as of January 1, 2018
- Merit Pay increases determined by score on evaluations

Motion carried.

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FIRST FLOOR AUDITORIUM – ROOMS H and I

DODGE COUNTY ADMINISTRATION BUILDING, JUNEAU WI 53039

Supervisor Marsik declared the Human Resources and Negotiations Committee meeting adjourned at 10:10 a.m.

Supervisor Frohling called for a five minute break of the Finance Committee meeting. The Finance Committee meeting reconvened at 10:20 a.m.

Ms. Kolp provided an oral report to the Committee regarding a Resolution for the Authorization to Acquire ERP System and Related Services and Products. The Fiscal Note set forth in the Resolution was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$944,680. Ms. Kolp reported that the total project cost is \$2.1 million, and there is a remaining project balance of \$944,680 that will be funded by county sales tax. Ms. Kolp further reported that there is a \$275,000 contingency to cover any unforeseen circumstances that may arise. Ms. Kolp provided the Committee members with a document entitled *Dodge County, Wisconsin, (General Fund – Classification of Fund Balance, Unassigned General Fund, and County Sales and Use Tax)*; a document entitled *Dodge County, Wisconsin, Fund Balance Analysis, County Sales Tax Use Projection*; and a document entitled *Dodge County, Wisconsin – Debt Schedules*. Ms. Kolp highlighted the following:

- The Unassigned Fund Balance is \$13.8 million
- \$2.7 million from the Unassigned General Fund has been applied to the Detention Facility pipe project, this amount will be paid back with county sales tax
- \$3.8 million is available in the General Fund for use
- The estimated Assigned Sales and Use Tax Balance is \$1.4 million
- \$96,773 in 2017 State Remittance Estimates

Motion by Guckenberger, seconded by Benter to approve the Fiscal Note as presented, and to authorize and direct the Finance Committee's Chairman to sign the Fiscal Note, and approve and forward to the County Board for consideration at its July 18, 2017 meeting, the Resolution for the Authorization to Acquire ERP System and Related Services and Products to the County Clerk. Motion carried. Ms. Kolp informed the Committee that Corporation Counsel Kimberly Nass amended the Fiscal Note language of this Resolution as follows: after the sentence: *Is the referenced expenditure included in the adopted 2017 Budget?*: the following language has been added: *A portion is included in the 2017 Budget – See Project Funding Prior to July 18, 2017, on Exhibit "A"*.

Ms. Kolp provided an oral report to the Committee regarding a Resolution for Creating Position of Purchasing Agent. Ms. Kolp provided the Finance Committee with a document entitled *Purchasing Agent Overview*. The Committee members reviewed the document. County Administrator Jim Mielke reported that the effective date for creation of this position is January 1, 2018, but the creation of the position must be approved by the County Board no later than their August 22, 2017 meeting. Mr. Mielke further reported that the position of Purchasing Agent has been reviewed by Carlson Dettman. Motion by Guckenberger, seconded by Schaefer to approve and send the Resolution regarding Creating Position of Purchasing Agent to the County Clerk. Motion carried.

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DODGE COUNTY ADMINISTRATION BUILDING, JUNEAU WI 53039

Ms. Kolp asked the Committee for their thoughts on the omission of the Fiscal Note box on Resolutions pertaining to the creation of new county positions that will become effective in 2018. Ms. Kolp reported that the Resolution for Creating the Position of Purchasing Agent did not have the Fiscal Note box. Mr. Mielke reported that there will be numerous Resolutions requesting the creation of new county positions for 2018 at the August 22, 2017 County Board meeting, and he does not feel that a Fiscal Note is needed as the positions are for 2018. It was a consensus of the Finance Committee to omit the Fiscal Note box on Resolutions pertaining to the creation of new county positions for 2018.

Mr. Mielke provided an oral report to the Committee regarding the 2018 Budget relating to the Capital Improvement Program. Mr. Mielke provided the Committee with a draft document of the Capital Improvement Plan. Mr. Mielke informed the Committee that the Physical Facilities Department has some anticipated projects, but these projects may be completed in conjunction with the Sheriff's Department current plan for the jail expansion. Mr. Mielke asked the Committee members to review the draft Capital Improvement Plan and bring back for discussion at the August Finance Committee meeting.

The Committee had a brief discussion on the Intra-Department Fund Transfers and the Unbudgeted/Excess Revenue Appropriation Requests. Supervisor Guckenberger asked why the Land and Water Conservation Department Intra-Department Fund Transfer form to transfer funds for County Well Testing Program showed \$3,000.00 in different revenue accounts. Ms. Kolp explained that the purpose of the Intra-Department Fund Transfer was because monies were moved from one expenditure line to another. It was a consensus of the Committee to allow the Finance Committee Chairman to sign and approve the Intra-Department Fund Transfer forms and the Unbudgeted/Excess Revenue Appropriation requests.

Dodge County Clerk Karen Gibson provided a brief oral update to the Committee regarding the purchase of Election Equipment. Ms. Gibson reported that she had two (2) election equipment vendors provide demos of their products, and after feedback from municipal clerks, cost comparisons, and a review of ongoing fees, she has chosen Election Systems & Software as the new election equipment vendor for Dodge County. Ms. Gibson further reported that she is currently working with the Information Technology Department for lower pricing on equipment needed by the county to switch over to the new election system. Ms. Gibson reported that Election Systems & Software has offered an additional year free maintenance contract if the election equipment is purchased and delivered by September 30, 2017. Ms. Gibson informed the Committee it is anticipated that February of 2018 will be the first election date the new election equipment will be used.

There was no discussion on the Statement of the Dodge County Treasurer, the County Investments, County Sales and Use Tax Report, or the Dodge County Vouchers \$10,000 or more.

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DODGE COUNTY ADMINISTRATION BUILDING, JUNEAU WI 53039

Supervisor Benter asked for an update on the Dodge County Detention Facility pipe project. Mr. Mielke reported that the project is going well, and the project has an anticipated completion date of the end of July.

The Committee had a brief discussion on the request for proposal of Dodge County banking services. Ms. Kolp reported that Dodge County is considering switching to a different banking provider, and Information Technology Director Ruth Otto has taken on the responsibility of gathering information. Ms. Kolp commented that Dodge County Treasurer Patti Hilker has voiced her concerns with switching banking services.

The next regular meeting is scheduled for Tuesday, August 8, 2017, at 8:00 a.m., in the Auditorium, located on the first floor of the Administration Building.

With no other business on the agenda, Chairman Frohling declared the meeting adjourned at 11:15 a.m.



Ed Benter,
Secretary

Disclaimer: The above minutes may be approved, amended or corrected at the next committee meeting.